

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 DODE-00 PM-03 H-02 L-03 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 SAJ-01 SAM-01 OMB-01

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R 280930Z MAY 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9818

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: UNEMPLOYMENT AS MAIN ISSUE OF PUBLIC DEBATE

1. SUMMARY. UNEMPLOYMENT HAS BECOME ONE OF THE
DOMINANT ISSUES OF FRENCH PUBLIC DEBATE AND CITIZEN
CONCERN. LABOR LEADERS ARE SEIZING UPON IT IN AN
ULTIMATE EFFORT BEFORE VACATION TIME TO MOBILIZE A RANK
AND FILE WHICH UNTIL NOW HAS BEHAVED WITH NOTABLE
RESTRAINT AND HEALTHY APPRECIATION OF THE INTERNATIONAL
DIMENSION OF THE CAUSES BEHIND FRANCE'S ECONOMIC
PROBLEMS. FOR THE OPPOSITION PARTIES THE STEADILY
RISING LEVEL OF UNEMPLOYMENT FURNISHES THE BASIS FOR
ONE OF THE MORE CREDIBLE CRITICISMS THEY CAN
WAGE AGAINST GOF ECONOMIC POLICIES. END SUMMARY.

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2. IN THE LAST FEW WEEKS GOF LEADERS HAVE SHOWN SIGNS OF DIMINISHING SELF-CONFIDENCE IN THEIR REFERENCES TO THE JOBLESS RATE. EVEN GISCARD FOUND IT NECESSARY TO TAKE THE POSITION IN A RECENT INTERVIEW THAT THE NUMBER OF JOBLESS PERSONS HAS PERHAPS REACHED THE TOLERABLE UPPER LIMIT. AS A RESULT A SHIFT OF POLICY CAN BE DETECTED AWAY FROM UNEMPLOYMENT COMPENSATION TO MORE EMPHASIS ON JOB CREATION.

3. EVEN BERGERON, FORCE OUVRIERE SECGEN, WHO HAS BEEN CRITICAL OF THE OTHER LABOR LEADERS' ATTEMPTS TO OVER-ESTIMATE UNEMPLOYMENT RATE, HAS BEGUN TO RAISE THE TONE OF HIS APPEALS TO GOF FOR AN IMMEDIATE REACTIVATION OF THE ECONOMY. HE HAS CONSISTENTLY ARGUED FOR THE MOST RESTRICTIVE DEFINITION OF UNEMPLOYMENT TO INCLUDE ONLY THOSE RECEIVING UNEMPLOYMENT BENEFITS OF ANY KIND. ACCORDING TO HIS FIGURES UNEMPLOYMENT CROSSED 600,000 FIGURE AT END OF APRIL, WHICH HE HAS ALWAYS CONSIDERED AS EXTREME LIMIT OF TOLERABLE JOBLESSNESS WHICH SHOULD COMPEL GOF TO ACT NOW.

4. WHILE BERGERON WAS FIRST TO CALL ATTENTION TO APPROXIMATELY 500,000 YOUNG PEOPLE WHO WILL BE ENTERING THE LABOR MARKET IN THE FALL, THE SERIOUSNESS OF THE PROBLEM WHICH THESE YOUTHS WILL POSE IS RECEIVING NOW WIDELY-SPREAD RECOGNITION AND ATTENTION. HOWEVER THERE HAS BEEN A DEARTH OF SPECIFIC IDEAS ON HOW TO COPE WITH THIS PROBLEM UNTIL PRESIDENT GISCARD'S PRESS CONFERENCE OF 21 MAY, WHEN HE ANNOUNCED THAT A SPECIAL WORK-TRAINING CONTRACT WILL BE ESTABLISHED FOR YOUTHS RECRUITED FOR THEIR FIRST JOBS WHICH WOULD PROVIDE FOR 50 PERCENT OF THE TIME TO BE SPENT ON VOCATIONAL TRAINING (OUTSIDE THE COMPANY) WITH FULL PAY. THIS IS IN LINE WITH ANOTHER OF GISCARD'S MAJOR PREOCCUPATIONS, NAMELY TO PROVIDE INCENTIVES TO ATTRACT YOUTHS TO MANUAL TRADES.

5. THE IDEA OF A SPECIAL CONTRACT FOR YOUTH WAS FIRST SURFACED LAST NOVEMBER BUT FOR SOME REASON WAS NOT FOLLOWED THROUGH. CRITICS OF GOF'S SLOW ACTION IN LIMITED OFFICIAL USE

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THIS AREA ALLEGE THAT THIS WAS DUE TO EMPLOYERS' RESISTANCE, AND SPECIFICALLY TO THE PROPOSITION THAT THIS SPECIAL CONTRACT BE FOR TWO YEARS INSTEAD OF SIX MONTHS AS THEY ARE SUGGESTING. OFFICIALS IN THE LABOR MINISTRY ARE HOPEFUL THAT NOW THAT GISCARD HAS COMMITTED HIMSELF TO THIS APPROACH TO THE PROBLEM OF YOUTH ACTION WILL BE TAKEN TO IMPLEMENT IT WITHOUT FURTHER DELAY.

6. UNEMPLOYED YOUTHS IN SEARCH FOR THEIR FIRST JOBS ARE NOT ENTITLED TO ANY UNEMPLOYMENT BENEFITS, INCLUDING PUBLIC AID, UNLESS THEY ARE GRADUATES OF A TECHNICAL SCHOOL AND HAVE BEEN REGISTERED WITH THE EMPLOYMENT OFFICE FOR AT LEAST SIX MONTHS. IT IS EXPECTED THAT BOTH THESE CONDITIONS WILL BE ELIMINATED OR REDUCED.

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7. THE PROLONGATION OF UNEMPLOYMENT AND THE INCREASING NUMBERS OF UNEMPLOYED HAVE TAKEN THEIR TOLL ON THE UNEMPLOYMENT INSURANCE FUNDS WHICH ARE ADMINISTERED

JOINTLY BY MANAGEMENT AND LABOR. THE BOARD OF DIRECTORS OF THE CENTRAL FUND (UNEDIC), WHICH IS CHAIRED BY BERGERON, MET ON 20 MAY AND DECIDED TO INCREASE (EFFECTIVE 1 JULY) UNEMPLOYMENT INSURANCE CONTRIBUTIONS TO 2.40 PERCENT OF PAYROLL OF WHICH 1.92 IS PAYABLE BY EMPLOYERS AND 0.48 PAYABLE BY WORKERS. THIS IS THE SECOND INCREASE IN THE LAST SIX MONTHS WHICH SAW THE CONTRIBUTIONS RISE FROM 0.80 IN NOVEMBER 1974 TO THE NEW RATE OF 2.40, A 200 PERCENT INCREASE.

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8. IN RECENT SPEECHES AND AT PRESS CONFERENCE ON 20 MAY, BERGERON MADE THE INTERESTING POINT THAT AS THE EMPLOYER CONTRIBUTIONS FOR ONE REASON OR ANOTHER GO UP, THEY INCREASING WHAT IS KNOWN AS "INDIRECT WAGES", THE WHOLE MODE OF LIFE OF THE SALARIED WORK FORCE IS UNDERGOING TRANSFORMATION. THE RESULT IS A CHANGE IN VALUES AND IN THE WORKERS' ROLE AS CONSUMERS. FOR BERGERON THERE IS AN INCIPIENT THREAT TO DEMOCRACY IN THE CONSTANT INCREASE OF DIRECT WAGES.

9. THE MOST DRAMATIC EXPLOITATION OF THE UNEMPLOYMENT ISSUE WAS MANAGED BY CFDT, WHICH IN A LETTER TO THE PRIME MINISTER ASKED FOR ACTION TO PREVENT FORECLOSURE OF MORTGAGES AGAINST UNEMPLOYED WORKERS, EVICTIONS BECAUSE OF NON-PAYMENT OF RENTS, AND CUTS IN UTILITIES FOR FAILURES TO PAY THE BILLS. A RADIO COMMENTATOR ON 23 MAY PRODUCED FOR THE FIRST TIME STATISTICAL INFORMATION FROM A SUBURB OF PARIS TO SHOW A SUBSTANTIAL INCREASE OF UNPAID BILLS AND RENTS IN THE LAST SEVERAL WEEKS.

10. COMMENT: POLITICAL MANIFESTATIONS OF CONCERN FOR "AUSTERITY PROGRAM" AND UNEMPLOYMENT HAVE, UP UNTIL NOW, PROVEN RELATIVELY INEFFECTUAL. THE UNITED LEFT SPENT A MONTH HOLDING JOINT (COMMUNIST-SOCIALIST) MEETINGS IN WHICH GOF RESPONSIBILITY FOR STATE OF ECONOMY AND PLIGHT OF WORKERS WERE THE MOST FREQUENT THEMES OF OPPOSITION ORATORY BUT PRODUCED LITTLE PUBLIC REVERBERATION.

11. NEVERTHELESS GOF IS BECOMING INCREASINGLY CONCERNED ABOUT THE UNEMPLOYMENT RATE, PARTLY BECAUSE OF THE STATISTICAL WEIGHT OF THE FIGURES AND PARLY BECAUSE OF THE EARNEST APPEALS OF FO AND BERGERON WHO, INCIDENTALLY, WAS SHOWN BY A RECENT POLL TO BE THE MOST POPULAR LABOR LEADER, FOLLOWED CLOSELY BY SEGUY OF CGT, WITH MAIRE OF CFDT TRAILING IN THIRD POSITION.

12. WHILE GOF CONCERN IS OBVIOUSLY NOT MISPLACED,
THERE IS ONE ASPECT OF THE SITUATION WHICH IS BAFFLING,
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NAMELY THE LACK OF ANY VISIBLE EVIDENCE IN EVERYDAY
LIFE OF ANY HARDSHIPS RESULTING FROM AN UNEMPLOYMENT
RATE WHICH PRESENTLY STANDS AT ABOUT 4.1 PERCENT OF
THE LABOR FORCE. IF THERE ARE ANY QUEUES TO BE SEEN
THEY ARE DEFINITELY NOT IN FRONT OF UNEMPLOYMENT
INSURANCE OR EMPLOYMENT OFFICES BUT IN FRONT OF MEAT
MARKETS AND RESTAURANTS OF ALL CATEGORIES.
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